



2021 HALF-YEAR FINANCIAL REPORT



ELO

| Auchan | Nhood | Oney |

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| Auchan | Nhood | Oney |

ELO HALF-YEAR ACTIVITY REPORT

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1. SIGNIFICANT EVENTS DURING THE FIRST HALF OF 2021 AND MAIN CHANGES IN THE CONSOLIDATION SCOPE

1.1 CHANGES IN THE STORE NETWORK

The number of points of sale operated by Auchan Retail changed as follows in the first half of 2021:

- in Western Europe, the number of points of sale increased by 28 units (including net +29 in France of which 28 pick-up points, -8 in Spain, +4 in Portugal and +3 in Luxembourg);
- in Central and Eastern Europe, the number of points of sale decreased by 11 units (including, net, -17 in Russia, +3 in Romania and +3 in Ukraine);
- in Asia and Africa, the store network increased by 2 units in Senegal.

1.2 CHANGES IN THE CONSOLIDATION SCOPE

During the first half of 2021, there was no significant change in scope within the ELO group.

1.3 OTHER SIGNIFICANT EVENTS

The first half of 2021 was marked by the following other significant events:

Corporate name of Auchan Holding

By decision of the General Meeting of Shareholders of March 11th, 2021, Auchan Holding changed its corporate name and is now called ELO, with all other legal characteristics of the company remaining unchanged.

This new name keeps the name *Auchan* for the direct link with the consumer.

Adapting the retail business organisations

In January 2021, ELO Group announced the gradual mutation of the retail business towards a decentralised organisation, making each country an autonomous company and the Group a federation of companies. Each country company is coordinated by a General Manager and organised around a two-person Chairman/Vice-Chairman team, along with a Board to support the General Manager. These adaptations aim to engage the Group in a dynamic that promotes the emergence of corporate projects by country and takes back commercial leadership in each of its markets.

Evolution of the property management business

Founded in 1976 as ELO's property management subsidiary, Immochan has transformed since 2016 to become a global property player. The company changed its name in June 2018 to become Ceetrus and move from a mainly commercial property activity to that of mixed use property developer. In January 2021, the Group undertook a change of name

and structure to strengthen its position as a mixed use property developer. Ceetrus S.A. became New Immo Holding S.A. The property activities are managed by Ceetrus and the other activities by Nhood. The Group communicates its actions under a new brand "Nhood" underlined by a clear signature "New Living Mood".

This new identity is built around a conviction that real estate must not stand still in the face of future demographic and climate challenges. Through its mission to animate, regenerate and transform sites into new living zones, for better living together, Nhood is committed in a responsible manner and expresses its ambition to create useful and sustainable value for the market, for and with the inhabitants of the planet.

Nhood is also opening up to new real estate services and is giving itself the opportunity to act in the service of a wider potential of new clients. This creation marks the first milestone to make the new company an innovative leader in real estate and urban regeneration with a positive impact, for its existing sites and for new internal and external customers.

New Immo Holding S.A. and the companies included in the scope of consolidation held and managed assets in 10 countries as of June 30th, 2021.

New Immo Holding S.A. is controlled by ELO S.A..

ELO capital reduction

The Board of Directors of ELO, on March 3rd, 2021, authorised a capital reduction carried out on the same day. In this way, 363 shares with a par value of €20 were cancelled, bringing the share capital of ELO to €575,978,980.

Temporary closure of the Auchan Retail sites in Senegal

As part of the large social movements that took place between March 3rd and 7th, 2021, all stores in Senegal were closed between March 4th and 9th, 2021. 18 stores were partially or entirely ransacked and plundered. The stores have been reopened gradually as of March 11th, 2021.

The damage is estimated at €11 million including €5 million related to the value of the real estate assets whose net carrying amount is €4 million. The Group estimates that most of the losses will be covered by its insurance policies and recognised a future insurance income of €6 million on June 30th, 2021 corresponding to the inventories and operating losses.

Financing transactions

Over the period from April 20th to June 10th, 2021, ELO carried out bond buybacks for a total amount of €200 million: €1 million of the January 2024 line, €14 million of the April 2025 line, €151 million of the January 2026 line and €34 million of the July 2027 line. The costs related to these early repurchases amount to €24 million and the future interest savings amount to €29 million.

Impacts of the Covid-19 pandemic

Property management business

The Covid-19 health crisis continued in 2021. The governments of the various European countries have continued to take restrictive measures to contain the spread of the coronavirus (Covid-19). Since January 1st, 2021, the average store closure duration is two months. All of our countries have been impacted by these various restrictive measures, such as the closure of non-essential businesses.

In a spirit of solidarity and support for its tenants, as in 2020, Nhood continued to take various measures:

- rent reduction following the extension of government measures in Poland;
- only invoice variable rents based on the revenue of the previous year following government decisions for the year 2021 in Portugal;

- grant reductions in rents and/or charges in other countries ;
- in France, loans were granted on rents for retailers meeting the criteria defined in the 2021 Finance Act.

The rent reductions granted without consideration by the Group in the first half of 2021 amounted to €15 million.

Retail activity

The effects of the health crisis continued during the first half of the 2021 financial year, in particular through curfews and the closure of so-called "non-essential" departments.

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2. ACTIVITIES AND RESULTS

2.1 AUCHAN RETAIL ACTIVITY

As of June 30th, 2021, Auchan Retail was present in 11 countries, where it operates 464 hypermarkets, 521 supermarkets, 516 convenience stores and 337 digital points of sale.

The consolidated store network as of June 30th, 2021, was as follows:

Country	Hypermarkets	Supermarkets	Convenience stores	Digital
France	119	241	10	183
Spain	61	64	49	75
Portugal	31	4	30	31
Luxembourg	2	1		4
Poland	70	27	5	
Hungary	19	6		5
Romania	31	8	407	32
Ukraine	17	7		6
Russia	95	143		
Senegal	1	19	14	1
Taiwan	18	1	1	
TOTAL	464	521	516	337

Including the franchised store network (271), the total number of points of sale as of June 30th, 2021 was 2,109.

Auchan Retail's revenue at the end of June 2021 amounted to €14.9 billion (down by 3.2% compared to 2020), including sales of goods to franchisees.

Auchan Retail's activities outside of France accounted for 47% of total revenue.

Auchan Retail's recurring operating income grew by 62% and stood at €160 million as of June 30th, 2021.

2.2 PROPERTY MANAGEMENT ACTIVITY (NHOOD)

As of June 30th, 2021, the property management business of the Group comprising ELO and its subsidiaries included the management of 295 shopping centres (mainly shopping malls and retail parks), of which 243 owned or leased and 52 under management contracts, in 10 countries.

The revenue represented, at the end of June 2021, €263 million (+29%) of which 50.4% generated outside France.

The recurring operating income from the property management business decreased by €4 million to €(9) million.

2.3 COMMENTS ON THE FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2021

Comments on the income statement

The revenue of the consolidated entities amounted to €15.1 billion in the first half of 2021, down by 2.8% compared with the first half of 2020. The decline was 0.5% at constant exchange rates and scope.

By geographical area, 53% of the revenue was generated in France, 18% in Western Europe excluding France (Spain, Portugal, Luxembourg and Italy), 26% in Central and Eastern Europe (Poland, Hungary, Romania, Ukraine and Russia) and 3% in Asia and Africa (Taiwan and Senegal). In the first half of 2020, the geographic breakdown was 52%, 18%, 27% and 3%, respectively.

The gross margin increased by 0.7% to €3,692 million, and the margin rate came to 24.4% compared with 23.6% in the first half of 2020.

The current operating expenses (payroll costs, external expenses, depreciation/provisions, other operating income and expenses) were stable between the first half of 2021 and the first half of 2020.

The recurring operating income rose by 57.1% to €147 million. The EBITDA, i.e. recurring operating income excluding other recurring income and expenses and before amortisation, depreciation, impairment and provisions⁽¹⁾, increased by 10.1% to €757 million, from €687 million as of June 30th, 2020.

(1) Excluding allocations to and reversals of provisions and impairments, with the exception of allocations and reversals on inventory impairment.

The non-recurring items recorded under "Non-recurring income and expenses" include:

(in €m)	June 30 th , 2021	June 30 th , 2020
Impairment of assets		(21)
• of which impairment of property, plant and equipment and intangible assets		(21)
Reorganisation costs - Renaissance (Auchan Retail)	32	(66)
Other	(29)	(22)
• of which Retail France: TASCOM	(17)	
• of which COVID-19: Employee bonus		(63)
• including Auchan Retail Taiwan - Sub-lease contract		45
• of which early exit penalty (Nhood Italy)	(10)	
• of which miscellaneous	(2)	(4)
TOTAL OTHER OPERATING INCOME AND EXPENSES	3	(109)

The other financial income and expenses are an expense of €67 million, compared with an expense of €128 million in June 2020. The change is explained by the impact of hedges on intra-group loans as well as by currency effects associated with leases.

The loss of consolidated companies before tax amounted to €6 million (compared to a loss of €213 million in the first half of 2020).

The share of the net income of associates amounted to €8 million compared to €9 million as of June 30th, 2020.

The income tax expense for the first half of 2021 was €16 million. Corrected for tax adjustments, unrecognised tax losses and non-taxable items classified in *Non-recurring income and expenses*, the effective tax rate was 14% in the first half of 2021 compared with 26% in the first half of 2020.

The net loss amounted to €22 million as of June 30th, 2021, compared to a net profit of €106 million as of June 30th, 2020 (including the contribution of the operations sold, reclassified under IFRS 5 to the income statement)⁽¹⁾.

The net income (group share) was €(24) million, compared with €(77) million in the first half of 2020 (including the contribution of the operations sold of Auchan Retail in China, reclassified under IFRS 5 to the income statement)⁽¹⁾.

The cash flow from operations decreased by 65.4% to €331 million (€956 million in the first half of 2020, including the contribution of the operations sold, reclassified under IFRS 5 to the income statement)⁽¹⁾.

(1) Including the contribution of the operations sold, reclassified under IFRS 5 to the income statement (mainly Auchan Retail in China)

Comments on the statement of balance sheet

Assets

The current investments excluding business combinations (acquisitions of intangible assets, property, plant and equipment and investment property) amounted to €222 million, compared with €185 million in the first half of 2020.

The breakdown of investments was 46% in France (38% as of June 30th, 2020), 31% in Western Europe excluding France (32% as of June 30th, 2020), 18% in Central and Eastern Europe (29% as of June 30th, 2020), and 5% in Asia and Africa (1% as of June 30th, 2020).

Liabilities

Equity amounted to €6,773 million as of June 30th, 2021, compared with €9,632 million as of June 30th, 2020 and €6,704 million as of December 31st, 2020.

The equity attributable to owners of the parent amounted to €6,568 million, up by €50 million compared with December 31st, 2020. The main changes were as follows (in €m):

2021 interim income	(24)
Change in treasury shares	10
Transactions with non-controlling interests	5
Change in cash flow hedge reserves	34
Translation differences (mainly on Russian subsidiaries)	29
Other	(3)

Non-controlling interests amounted to €205 million as of June 30th, 2021, compared with €3,576 million as of June 30th, 2020 and €186 million as of December 31st, 2020. The variation from June 30th, 2020 is due to the sale of the Retail activity in China in October 2020.

The net financial debt, amounted to €3,025 million as of June 30th, 2021, compared with €2,158 million as of December 31st, reflecting a strong impact of seasonality. As of June 30th, 2021, the net financial debt stood at 44.6% of equity.

3. SUBSEQUENT EVENTS

Partial repayment of the Schuldschein loan

On July 12th, 2021, ELO Group partially repaid €242 million of its Schuldschein loan out of an initial outstanding of €292 million.

Disposals of logistics warehouses

On July 16th, 2021, as part of the optimisation of its asset management, Auchan Retail Logistique sold 11 logistics warehouses via a sale and leaseback transaction.

The overall transaction generated net income of €172.1 million, which will be recognised in *Non-recurring income and expenses* in the second half of this financial year

Dividend distribution

On July 20th, 2021, the Board of Directors of ELO has decided to propose to the Ordinary General Meeting of Shareholders held on August 24th, 2021, the distribution of a dividend of 750 M€, corresponding to € 26,12 per share. This exceptional dividend follows the sale of Oney Bank and Auchan Retail in China in 2019 and 2020.

4. MANAGEMENT OF RISKS AND UNCERTAINTIES IN THE FIRST HALF OF 2021

During the usual course of their business, ELO and its subsidiaries are exposed to interest rate, foreign exchange, credit and liquidity risks, as described in section 3.2 of the 2020 management report.

In view of the existing financing, undrawn lines and available cash, ELO believes that all of the projected cash flows from the business are largely sufficient to cover future debt and dividend maturities.

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4.1 MANAGEMENT IN THE FIRST HALF OF 2021

The following comments in particular concern changes in liquidity risk.

Liquidity of ELO and its subsidiaries

In terms of off-balance sheet commitments, the amount of unused credit lines within ELO and its subsidiaries decreased by €366 million since January 1st, 2021, of which €280 million were bilateral credit lines on ELO and €86 million of overdraft and unconfirmed lines on subsidiaries. Nonetheless, the outstanding amount of the undrawn lines remained at a high level of €3.2 billion.

In 2021, following the disposal of the Retail activities in China in 2020, ELO reduced its bond debt through market buybacks and issued no new debt (€4.4 billion of EMTN outstanding as of 31 December 2020 compared to €3.9 billion as of June 30th, 2021).

4.2 MAIN RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2021

There was no change in the assessment and management of risks as described in note 10.4 to the financial statements dated December 31st, 2020.

ELO and its subsidiaries remain exposed to the usual risks associated with their activities and to changes in the Covid-19 pandemic.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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1. CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

1.1 CONSOLIDATED INCOME STATEMENT

(in €m)	Notes	June 30 th , 2021	June 30 th , 2020 ⁽¹⁾
Revenue	4.2	15,110	15,545
Cost of sales	4.2	(11,418)	(11,878)
Gross margin		3,692	3,667
Payroll expenses		(2,009)	(2,075)
External expenses		(952)	(936)
Depreciation and amortisation	4.3	(518)	(532)
Provisions and impairment	4.3	(81)	(39)
Other recurring income and expenses	4.3	14	10
Recurring operating income		147	93
Non-recurring income and expenses	4.4	3	(109)
Operating income		150	(15)
Income from cash and cash equivalents		6	3
Gross cost of financial debt		(95)	(73)
Net cost of financial debt	9.2	(89)	(69)
Other financial income	9.3	15	15
Other financial expenses	9.3	(82)	(143)
Income before tax		(6)	(213)
Share of net income of associates		8	9
Income tax expense	10	(16)	46
Net income from continuing operations		(13)	(159)
Net income from assets held for sale and discontinued operations ⁽¹⁾		(9)	265
Net income		(22)	106
• of which net income - group share		(24)	(77)
• of which net income attributable to non-controlling interests		1	183
Earnings per share from continuing operations - group share (in €)			
• basic	7.2	(0.52)	(6.18)
• diluted	7.2	(0.52)	(6.17)
EBITDA	4.3	757	687

(1) The contributions relating to the Retail activity in China, sold on October 18th, 2020, have been reclassified to the line item "Net income from assets held for sale and discontinued operations" as of June 30th, 2020.

The decisions of the IFRS Interpretation Committee (IFRS IC) published in December 2019 relating to the terms of leases falling within the scope of IFRS 16 did not have a significant impact on the income statement as of June 30th, 2020.

1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in €m)	June 30 th , 2021			June 30 th , 2020		
	Gross amount	Income tax	Net	Gross amount	Income tax	Net
Net income for the period			(22)			106
Change in equity instruments at fair value through other comprehensive income				2		2
Revaluation of net liabilities in respect of defined benefits plans	(1)	1	(1)			
TOTAL ITEMS THAT WILL NOT BE RECLASSIFIED TO NET INCOME	(1)	1	(1)	2		2
Exchange differences on translating foreign operations	30		30	(210)		(210)
Change in fair value						
• cash flow hedge derivatives	48	(14)	34	(8)	3	(5)
TOTAL ITEMS THAT WILL BE RECLASSIFIED TO NET INCOME	79	(14)	65	(218)	3	(215)
OTHER COMPREHENSIVE INCOME	79	(14)	65	(216)	3	(213)
Total comprehensive income			42			(107)
Attributable to:						
• group share			39			(246)
• non-controlling interests			3			139

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1.3 CONSOLIDATED STATEMENT OF BALANCE SHEET

Assets (in €m)	Notes	June 30 th , 2021	December 31 st , 2020 restated ⁽¹⁾
Goodwill	6.1	2,025	2,018
Other intangible assets	6.2	145	170
Property, plant and equipment	6.3	5,083	5,198
Right-of-use assets	6.4	1,314	1,343
Investment property	6.5	3,866	3,932
Investments in associates	3.3	533	524
Non-current financial assets	9.5	485	439
Non-current derivative instruments	9.4	64	94
Deferred tax assets		351	356
Other non-current assets		48	39
Non-current assets		13,913	14,114
Inventories		2,365	2,296
Trade receivables		489	442
Current tax assets		126	132
Trade and other receivables		1,611	1,461
Current financial assets		738	205
Current derivative instruments	9.4	37	58
Cash and cash equivalents	9.1	2,415	4,401
Assets held for sale		1	1
Current assets		7,782	8,996
TOTAL ASSETS		21,695	23,110

(1) Balance sheet reclassifications are detailed on next page.

Equity and liabilities (in €m)	Notes	June 30 th , 2021	December 31 st , 2020 restated ⁽¹⁾
Share capital	7.1.1	576	576
Share premiums		1,914	1,914
Reserves and net income - group share		4,078	4,029
Equity - group share		6,568	6,518
Non-controlling interests	7.1.5	205	186
Total equity		6,773	6,704
Non-current provisions	8.1	264	242
Non-current borrowings and other financial liabilities	9.6	5,729	6,054
Non-current derivative instruments	9.4	26	35
Non-current lease liabilities		1,327	1,387
Deferred tax liabilities		80	113
Other non-current liabilities	9.6	123	119
Non-current liabilities		7,549	7,949
Current provisions	8.1	290	482
Current borrowings and other financial liabilities	9.6	560	840
Current derivative instruments	9.4	14	37
Current lease liabilities		292	294
Trade payables		4,257	4,676
Current tax liabilities		64	52
Other current liabilities		1,895	2,075
Liabilities associated with assets classified as held for sale			
Current liabilities		7,373	8,456
TOTAL EQUITY AND LIABILITIES		21,695	23,110

(1) As of January 1st, 2021, the ELO Group reviewed the presentation of its financial statements in order to improve their legibility; the changes made are as follows:

Assets

- The rights-of-use assets have been isolated on separate lines on the balance sheet.
- The prepaid expenses and non-current operating receivables have been reclassified from the category *other non-current financial assets* to the new category *other non-current assets*.
- The short-term financial instruments that do not meet the definition of cash as well as loans granted to third parties or to associates have been reclassified from the category *other current receivables* to the new category *current financial assets*. The category *other current receivables* is renamed *receivables and other debtors*.

Liabilities

- The lease liabilities have been isolated on separate lines in the balance sheet.
- The debt related to put options granted to non-controlling interests has been reclassified from the category *other non-current liabilities* to *borrowings and other financial liabilities*. This reclassification has no impact on the calculation of net financial debt.

The reconciliation with the balance sheet published on December 31st, 2020 is as follows:

Assets (in €m)	December 31 st , 2020 published	Reclassification	December 31 st , 2020 restated
Goodwill	2,018		2,018
Other intangible assets	170		170
Property, plant and equipment	6,541	(1,343)	5,198
Right-of-use assets		1,343	1,343
Investment property	3,932		3,932
Investments in associates	524		524
Non-current financial assets	479	(39)	439
Non-current derivative instruments	94		94
Deferred tax assets	356		356
Other non-current assets		39	39
Non-current assets	14,114		14,114
Inventories	2,296		2,296
Trade receivables	442		442
Current tax assets	132		132
Trade and other receivables	1,666	(205)	1,461
Current financial assets		205	205
Current derivative instruments	58		58
Cash and cash equivalents	4,401		4,401
Assets held for sale	1		1
Current assets	8,996		8,996
TOTAL ASSETS	23,110		23,110

Equity and liabilities (in €m)	December 31 st , 2020 published	Reclassification	December 31 st , 2020 restated
Share capital	576		576
Share premiums	1,914		1,914
Reserves and net income - group share	4,029		4,029
Equity - group share	6,518		6,518
Non-controlling interests	186		186
Total equity	6,704		6,704
Non-current provisions	242		242
Non-current borrowings and other financial liabilities	5,902	152	6,054
Non-current derivative instruments	35		35
Non-current lease liabilities		1,387	1,387
Deferred tax liabilities	113		113
Other non-current liabilities	1,658	(1,539)	119
Non-current liabilities	7,949		7,949
Current provisions	482		482
Current borrowings and other financial liabilities	840		840
Current derivative instruments	37		37
Current lease liabilities		294	294
Trade payables	4,676		4,676
Current tax liabilities	52		52
Other current liabilities	2,368	(293)	2,075
Liabilities associated with assets classified as held for sale			
Current liabilities	8,456		8,456
TOTAL EQUITY AND LIABILITIES	23,110		23,110

1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(in €m)	Notes	June 30 th , 2021	June 30 th , 2020
Consolidated net income (including non-controlling interests)		(22)	106
Share of net income of associates		(8)	(9)
Dividends received (non-consolidated investments)			(2)
Net cost of financial debt and lease interests ⁽¹⁾		151	143
Income tax expense (including deferred taxes)		16	59
Net amortisation, depreciation, provisions and impairment expenses (other than on current assets)		401	972
Expenses and income related to share-based payments without cash consideration		4	
Capital gains and losses net of tax and goodwill		(5)	4
Cash flows from operations before net cost of financial debt, lease interest and tax		534	1,273
Income tax paid		(52)	(174)
Interest paid and lease interest ⁽¹⁾		(157)	(179)
Other financial items		5	36
Cash flows from operations after net cost of financial debt and tax		331	956
Changes in working capital requirement	12	(802)	(573)
Net cash from (used in) operating activities		(471)	384
Disbursements related to acquisitions of property, plant and equipment, intangible assets and investment property		(337)	(418)
Proceeds from disposals of property, plant and equipment, intangible assets and investment property		61	17
Disbursements related to shares in non-consolidated companies including investments in associates		(11)	(10)
Proceeds from sales of shares in non-consolidated companies including investments in associates			4
Disbursements related to business combinations net of cash acquired		(1)	
Dividends received (non-consolidated investments)		3	4
Changes in loans and advances granted	12	(27)	(36)
Net cash from (used in) investing activities		(312)	(439)
Purchases and sales of treasury shares		9	
Dividends paid during the financial year	12	(2)	(110)
Acquisitions and disposals of interests without change in control	12	23	(3)
Payment of lease liabilities		(135)	(233)
Changes in net financial debt	12	(1,100)	210
Net cash from (used in) financing activities		(1,205)	(136)
Effect of changes in foreign exchange rates ⁽²⁾		(20)	73
Net increase (decrease) in cash and cash equivalents		(2,008)	(118)
Cash and cash equivalents at the beginning of period	12	4,265	3,569
Cash and cash equivalents at the end of period	12	2,257	3,451
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,008)	(118)

(1) Including financial interest under IFRS 16 for €59 million and included in other financial expenses (vs €103 million in June 2020).

(2) Mainly impact of the rouble for €(16) million.

1.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (BEFORE APPROPRIATION OF NET INCOME)

(in €m)	Share capital	Share premiums ⁽¹⁾	Treasury shares ⁽²⁾	Currency translation reserves, financial instrument revaluation reserves and actuarial gains and losses ⁽³⁾	Reserves and consolidated income	Group share	Non-controlling interests	Total
As of January 1st, 2020	578	1,914	(136)	(733)	4,683	6,305	3,548	9,853
Net income for the period					(77)	(77)	183	106
Total other comprehensive income				(169)		(169)	(44)	(213)
Total comprehensive income for the period				(169)	(77)	(246)	138	(107)
Capital reduction		(12)				(12)		(12)
Treasury shares			12			12		12
Dividend distributions							(110)	(110)
Changes in consolidation scope					(3)	(3)	1	(2)
Changes in put options granted to non-controlling interests and repurchase commitments					1	1		1
Other					(1)	(1)	(1)	(2)
As of June 30th, 2020	578	1,902	(124)	(902)	4,602	6,056	3,576	9,632
As of January 1st, 2021	576	1,914	(143)	(1,077)	5,249	6,518	186	6,704
Net income for the period					(24)	(24)	1	(22)
Total other comprehensive income				62		62	2	64
Total comprehensive income for the period				62	(24)	39	3	42
Capital reduction								
Treasury shares			10			10		10
Dividend distributions							(2)	(2)
Changes in consolidation scope					5	5	18	23
Changes in put options granted to non-controlling interests and repurchase commitments					(1)	(1)	(0)	(1)
Other					(2)	(2)	(0)	(2)
AS OF JUNE 30TH, 2021	576	1,914	(133)	(1,015)	5,227	6,568	205	6,773

(1) The share premiums include the premiums paid for stock issued, mergers and other capital contributions.

(2) See note 7.1.3.

(3) See note 7.1.4.

2. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1 ACCOUNTING POLICIES

1.1 GENERAL PRINCIPLES AND STATEMENT OF COMPLIANCE

ELO S.A. condensed consolidated half-year financial statements were approved by the Board of Directors on August 24th, 2021.

The condensed consolidated financial statements are presented in euros and are rounded up or down to the closest million.

1.2 STANDARDS APPLIED

ELO S.A. condensed consolidated financial statements for the six months ended June 30th, 2021 have been prepared in accordance with the provisions of IAS 34 on interim financial reporting and the IFRS standards and interpretations published by the International Accounting Standards Board (IASB) as adopted by the European Union and mandatorily applicable as of January 1st, 2021.

These notes, therefore, do not include all the information required in the full annual financial statements and should be read in conjunction with ELO S.A. consolidated financial statements for the financial year ended December 31st, 2020.

Pursuant to IAS 34, the explanatory notes in these condensed financial statements aim to:

- update the accounting and financial information contained in ELO S.A. consolidated annual financial statements for the financial year ended December 31st, 2020;
- provide new accounting and financial information on significant events that took place during the period under review.

The accounting principles applied to the consolidated financial statements as of June 30th, 2021 are consistent with those used for the financial statements as of December 31st, 2020.

Regulatory changes

Interest Rate Benchmark Reform, phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

As of January 1st, 2021, the Group applies the amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 7 in connection with "Phase 2" of the benchmark interest rate reform.

The Group has identified the contracts affected by the reform and is in the process of negotiating with its counterparties in order to contractually integrate these index changes.

The Group is not significantly impacted by this reform, and the application of these amendments has no significant impact on the Group's consolidated financial statements as of June 30th, 2021.

In addition, the IFRS IC published several final decisions during the first half of 2021, in particular on the treatment of configuration and customisation costs for software used as part of a SaaS (Software as a Service) contract and the allocation to periods of service of benefits relating to a specific defined benefit plan.

The ELO Group did not apply these decisions when preparing the condensed half-year consolidated financial statements for the period ended June 30th, 2021. The potential impacts are currently being analysed.

Amendments and standards adopted by the European Union, not early applied

The Group has not early adopted the following new standards or amendments that will become applicable:

- as of January 1st, 2022: amendments to IFRS 3 – Business Combinations, IAS 16 – Property, plant and equipment, IAS 37 – Provisions, Contingent Liabilities and Contingent Assets and Annual Improvements 2018-2020.

Amendments and standards not adopted by the European Union

- Amendments to IFRS 16 – Covid-19 Related Rent Concessions beyond 30 June 2021.

These amendments extend by one year the period of application of the amendment "Covid-19 Related Rent Concessions" published in May 2020 and thus make it possible to apply the simplification measures to rent reductions relating to payments due until June 30th, 2022 (up to June 30th, 2021 previously).

1.3 USE OF ESTIMATES

The preparation of the consolidated financial statements requires ELO S.A. Management to exercise its judgement to make estimates and assumptions that may affect the carrying amount of certain assets and liabilities, income and expenses and the information provided in the notes to the financial statements. The actual values may be different from current estimates.

When preparing the condensed half-year consolidated financial statements, the significant judgements made by Management in applying accounting policies and the main estimates were identical to those described in the consolidated financial statements for the financial year ended December 31st, 2020. Special attention was, however, given to the valuation of real estate assets, inventories and impairments.

1.4 DETAILS SPECIFIC TO THE PREPARATION OF THE HALF-YEAR FINANCIAL STATEMENTS

Employee benefits

An actuarial valuation is performed as part of the preparation of the condensed half-year financial statements when there are significant changes to plans and/or actuarial assumptions.

NOTE 2 SIGNIFICANT EVENTS

The first half of 2021 was marked by the following other significant events:

Corporate name of Auchan Holding

By decision of the General Meeting of Shareholders of March 11th, 2021, Auchan Holding changed its corporate name and is now called ELO, with all other legal characteristics of the company remaining unchanged.

This new name keeps the name *Auchan* for the direct link with the consumer.

Adapting the retail business organisations

In January 2021, ELO Group announced the gradual mutation of the retail business towards a decentralised organisation, making each country an autonomous company and the Group a federation of companies. Each country company is coordinated by a General Manager and organised around a two-person Chairman/Vice-Chairman team, along with a Board to support the General Manager. These adaptations aim to engage the Group in a dynamic that promotes the emergence of corporate projects by country and takes back commercial leadership in each of its markets.

Evolution of the property management business

Founded in 1976 as ELO's property management subsidiary, Immochan has transformed since 2016 to become a global property player. The company changed its name in June 2018 to become Ceetrus and move from a mainly commercial property activity to that of mixed use property developer. In January 2021, the Group undertook a change of name and structure to strengthen its position as a mixed use property developer. Ceetrus S.A. became New Immo Holding S.A. The property activities are managed by Ceetrus and the other activities by Nhood. The Group communicates its actions under a new brand "Nhood" underlined by a clear signature "New living mood".

This new identity is built around a conviction that retail property must not stand still in the face of future demographic and climate challenges. Through its mission to animate, regenerate and transform sites into new living zones, for better living together, Nhood is committed in a responsible manner and expresses its ambition to create useful and sustainable value for the market, for and with the inhabitants of the planet.

Nhood is also opening up to new retail property services business lines and is giving itself the opportunity to act in the service of a wider potential of new clients. This creation marks the first milestone to make the new company an innovative leader in real estate and urban regeneration with a positive impact, for its existing sites and for new internal and external customers.

New Immo Holding S.A. and the companies included in the consolidation scope hold and manage assets in 10 countries as of June 30th, 2021.

New Immo Holding S.A. is controlled by ELO S.A.

ELO Capital reduction

On March 3rd, 2021, the Board of Directors of ELO authorised a capital reduction carried out on the same day. 363 shares with a par value of €20 were cancelled, taking the share capital of ELO to €575,978,980.

Temporary closure of sites in Senegal

In the context of the large social movements that took place between March 3rd and 7th, 2021, all stores in Senegal were closed between March 4th and 9th, 2021. 18 stores were partially or entirely ransacked and plundered. The stores have been reopened gradually as of March 11th, 2021.

The damage is estimated at €11 million including €5 million related to the value of the real estate assets whose net carrying amount is €4 million. The Group estimates that most of the losses will be covered by its insurance policies and recognised a future insurance income of €6 million on June 30th, 2021 corresponding to the inventories and operating losses.

Financing transactions

Over the period from April 20th to June 10th, 2021, ELO carried out bond buybacks for a total amount of €200 million: €1 million of the January 2024 line, €14 million of the April 2025 line, €151 million of the January 2026 line and €34 million of the July 2027 line. The costs related to these early repurchases amounts to €24 million and the future interest savings amount to €29 million.

Impacts of the COVID-19 pandemic

Property management activity

The COVID-19 health crisis continued in 2021. The governments of the various European countries have continued to take restrictive measures to contain the spread of the coronavirus (COVID-19). Since January 1st, 2021, the average store closure duration is two months. All of our countries have been impacted by these various restrictive measures, such as the closure of non-essential businesses.

In a spirit of solidarity and support for tenants, as in 2020, Nhood continued to take various measures:

- rent reduction following the extension of government measures in Poland;
- only invoice variable rents based on the revenue of the previous year following government decisions for the year 2021 in Portugal;
- grant reductions in rents and/or charges in other countries.
- in France, loans were granted on rents for retailers meeting the criteria defined in the 2021 Finance Act.

The rent reductions granted by the Group in the first half of 2021 amounted to €15 million.

Retail activity

The effects of the health crisis continued during the first half of the 2021 financial year, in particular through curfews and the closure of so-called "non-essential" departments.

NOTE 3 CONSOLIDATION SCOPE**3.1 GENERAL DESCRIPTION OF THE CONSOLIDATION SCOPE**

ELO S.A., the holding company of the consolidated entities, is a French company with its registered office is located at 40 avenue de Flandre, Croix, France. ELO, through the companies included in the consolidation scope, operates in 11 countries and employs 160,606 people.

As of June 30th, 2021, ELO and its subsidiaries have two business lines:

- Auchan Retail, a food retailer which fully consolidates 464 hypermarkets, 521 supermarkets, 516 convenience stores and 337 digital points of sale;
- property management by Nhood and its subsidiaries (295 sites, including mostly shopping centres with shopping malls and retail parks).

Nhood – Changes in the scope and real estate assets

There was no significant change in the consolidation scope during the first half of 2021.

Auchan Retail – Changes in the scope and store network

The number of points of sale operated by Auchan Retail changed as follows in the first half of 2021:

- in Western Europe, the number of points of sale increased by 28 units (including, net, +29 in France of which 28 pick-up points, (8) in Spain, +4 in Portugal and +3 in Luxembourg);
- in Central and Eastern Europe, the number of points of sale decreased by 11 units (including, net, (17) in Russia, +3 in Romania and +3 in Ukraine);
- in Asia and Africa, the store network increased by 2 units in Senegal.

3.2 DISCONTINUED OPERATIONS, OPERATIONS BEING SOLD AND ASSETS HELD FOR SALE

On October 18th, 2020, Auchan Retail and its subsidiary Monicole sold their stake in A-RT Retail Holdings Limited (hereafter "A-RT", parent company of Sun Art Retail Group, a group listed in Hong Kong) to Alibaba.

In accordance with the criteria determined by IFRS 5, the contributions of A-RT and its subsidiaries have been classified in the income statement under the heading "Net income from assets held for sale and discontinued operations" in the comparative consolidated financial statements drawn up as of June 30th, 2020.

The change in the cash position of the sold Retail activities in China included in the Group's statement of cash flows at June 30th, 2020 breaks down as follows:

<i>(in €m)</i>	June 30th, 2020
Net cash from (used in) operating activities	714
Net cash from (used in) investing activities	(62)
Net cash from (used in) financing activities	(424)
Effect of changes in foreign exchange rates	(26)
Net increase (decrease) in cash and cash equivalents	203

3.3 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The line "Investments in associates" presented in the balance sheet includes the equity interest of 49.4% in Oney Bank (Oney Bank specialises in payment, financing and digital identification solutions) for €265 million of which €9 million of net income, and Nhood's investments in companies that own real estate assets in France and Europe (€242 million compared with €236 million as of December 31st, 2020).

NOTE 4 OPERATING DATA

4.1 SEASONALITY

The consolidated financial statements for the first and second half of the year are difficult to compare due to the seasonal nature of the business.

The seasonality of the revenue is rather low, although activity is more significant in the second half of the year, particularly in December.

While most operating expenses are spread over the year on a straight-line basis, the Group's operating income is higher in the second half due to the recognition of supplier rebates over this period.

The working capital resources also deteriorated sharply in the first half of the year due to significant supplier payments related to purchases made at the end of the previous year.

4.2 REVENUE/GROSS MARGIN

(in €m)	June 30 th , 2021	June 30 th , 2020
Sales	15,009	15,444
Other revenue	101	101
Revenue	15,110	15,545
Purchases net of rebates, commercial cooperation services and ancillary and logistics costs	11,465	11,726
Change in inventories (net of impairment)	(47)	152
Cost of sales	11,418	11,878
Gross margin	3,692	3,667

4.3 EBITDA

The EBITDA corresponds to *Recurring operating income*, excluding *Other recurring income and expenses* and excluding *Depreciation and Amortisation* and *Provisions and impairment* (including those recognised under payroll expenses and other external expenses).

Store pre-opening costs are recognised in operating expenses when they occur.

(in €m)	June 30 th , 2021	June 30 th , 2020
Recurring operating income	147	93
• Other recurring income and expenses ⁽¹⁾	(14)	(10)
• Depreciation and amortisation	518	532
• Provisions and impairment ⁽²⁾	81	39
• Provisions recognised under payroll expenses and external expenses	(21)	(24)
• Depreciation and amortisation included in logistics costs deducted from gross margin	46	57
EBITDA	757	687

(1) Including capital gains on disposals as well as reversals of impairment on assets sold for €17 million in 2021 and €3 million in 2020.

(2) Excluding provisions on inventories.

4.4 NON-RECURRING INCOME AND EXPENSES

(in €m)	June 30 th , 2021	June 30 th , 2020
Impairment of assets		(21)
• of which impairment of property, plant and equipment and intangible assets		(21)
Reorganisation costs – Renaissance (Auchan Retail)	32	(66)
Other	(29)	(22)
• of which Retail France: TASCOT	(17)	
• of which Covid-19: Employee bonus		(63)
• including Auchan Retail Taiwan – Sub-lease contract		45
• of which early exit penalty (Nhood Italy)	(10)	
• of which miscellaneous	(2)	(4)
TOTAL NON-RECURRING INCOME AND EXPENSES	3	(109)

NOTE 5 OPERATING SEGMENTS

5.1 SEGMENT INFORMATION OF INCOME STATEMENT

	Auchan Retail		Real estate		Holding companies and eliminations		Total	
Segment revenue and income (in €m)	June 30 th , 2021	June 30 th , 2020	June 30 th , 2021	June 30 th , 2020	June 30 th , 2021	June 30 th , 2020	June 30 th , 2021	June 30 th , 2020
External revenue	14,847	15,340	263	205			15,110	15,545
Internal revenue	4	2	2	3	(6)	(5)		
REVENUE	14,851	15,342	265	208	(6)	(5)	15,110	15,545
Depreciation and amortisation	393	431	125	100	0	0	518	532
Recurring operating income	160	99	(9)	(4)	(4)	(2)	147	93

5.2 SEGMENT BALANCE SHEETS

	Auchan Retail		Real estate		Holdings & Eliminations		Total	
Segment Assets and Liabilities (in €m)	June 30 th , 2021	June 30 th , 2020	June 30 th , 2021	June 30 th , 2020	June 30 th , 2021	June 30 th , 2020	June 30 th , 2021	June 30 th , 2020
SEGMENT ASSETS	12,461	12,407	4,780	4,800	927	380	18,168	17,588
SEGMENT LIABILITIES	7,728	8,576	587	556	8	22	8,323	9,156

Total segment assets are reconciled to the total assets of ELO and its subsidiaries as follows:

(in €m)	June 30 th , 2021	December 31 st , 2020
Goodwill	2,025	2,018
Other intangible assets	145	170
Property, plant and equipment	5,083	5,198
Right-of-use assets	1,314	1,343
Investment property	3,866	3,932
Non-current segment assets excluding tax and financial assets	12,432	12,661
Investments in associates	533	524
Inventories	2,365	2,296
Trade receivables	489	442
Trade and other receivables	1,611	1,461
Current financial assets	738	205
Segment assets	18,168	17,588
Other non-current financial assets	485	439
Other non-current assets	48	39
Non-current derivative instruments	64	94
Deferred tax assets	351	356
Current tax assets	126	132
Current derivative instruments	37	58
Cash and cash equivalents	2,415	4,401
Assets held for sale	1	1
TOTAL ASSETS	21,695	23,110

Total segment liabilities are reconciled to the total assets of ELO and its subsidiaries as follows:

(in €m)	June 30 th , 2021	December 31 st , 2020
Non-current provisions	264	242
Current provisions	290	482
Trade payables	4,257	4,676
Other current liabilities	1,895	2,075
Non-current lease liabilities	1,327	1,387
Current lease liabilities	292	294
Segment liabilities	8,323	9,156
Equity	6,773	6,704
Non-current borrowings and other financial liabilities	5,729	6,054
Non-current derivative instruments	26	35
Other non-current liabilities	123	119
Deferred tax liabilities	80	113
Current borrowings and other financial liabilities	560	840
Current derivative instruments	14	37
Current tax liabilities	64	52
TOTAL EQUITY AND LIABILITIES	21,695	23,110

NOTE 6 INTANGIBLE AND TANGIBLE ASSETS

6.1 GOODWILL AND OTHER INTANGIBLE ASSETS

(in €m)	June 30 th , 2021	December 31 st , 2020
Goodwill	2,025	2,018
Other intangible assets	145	170
TOTAL INTANGIBLE ASSETS	2,170	2,188

6.2 PROPERTY, PLANT AND EQUIPMENT

(in €m)	June 30 th , 2021	December 31 st , 2020
Gross carrying amount	14,731	14,580
Depreciation, amortisation and impairment	(9,648)	(9,382)
NET CARRYING AMOUNT	5,083	5,198

During the first half of 2021, acquisitions were made for €142 million and disposals were made for €86 million. The effects of exchange rate variances were +€119 million, including +€77 million for Russia.

6.3 RIGHT-OF-USE ASSETS

(in €m)	June 30 th , 2021	December 31 st , 2020
Gross carrying amount	2,164	2,066
Depreciation, amortisation and impairment	(850)	(723)
NET CARRYING AMOUNT	1,314	1,343

6.4 INVESTMENT PROPERTY

The investment properties held by the Group mainly consist of shopping malls built near the stores.

(in €m)	June 30 th , 2021	December 31 st , 2020
Gross value of investment property	6,606	6,491
Gross value of right-of-use assets of investment property	175	203
TOTAL GROSS VALUE	6,781	6,694
Depreciation and impairment of investment property	(2,845)	(2,712)
Depreciation and impairment of right-of-use of investment property	(62)	(50)
TOTAL DEPRECIATION AND IMPAIRMENT	(2,915)	(2,762)
NET CARRYING AMOUNT	3,866	3,932

The change in the gross value of investment properties of €115 million is mainly due to acquisitions for €91 million, disposals for €36 million and foreign exchange effects for €32 million.

6.5 IMPAIRMENTS

For Auchan Retail, cash-generating units for which an indicator of impairment was identified were tested for impairment. The tests conducted on the stores did not lead to the recognition of material impairment.

For Nhood, the real estate assets are appraised by independent experts on a half-yearly basis. All investment properties were valued as of June 30th, 2021. The Group believes that the fair values determined by the appraisers reasonably reflect the fair value of the portfolio. The valuation

methods applied, described in the Group's consolidated financial statements dated December 31st, 2020, remain unchanged.

In total, across the entire scope, the impairment losses on property, plant and equipment and intangible assets recognised during the first half of 2021 amounted to €18 million, recognised under the current operating income in the *Other recurring income and expenses* aggregate.

NOTE 7 EQUITY AND EARNINGS PER SHARE

7.1 EQUITY

7.1.1 Shareholders

As of June 30th, 2021, the majority of ELO S.A. share capital is held by Aumarché.

Employees owned 2.18% of the company's capital via mutual funds (FCPs) Valauchan and Valfrance, and via the companies included in the employee share ownership plans outside of France (Valauchan Sopaneer International, Valauchanrus Sopaneer S.C.A., Valespaña S.C.A., Valpoland S.C.A., Valhungary International S.C.A., Valportugal S.C.A., and Valrussie S.C.A.). Only companies included in the employee share ownership plans outside of France are fully consolidated.

7.1.2 Share capital

As of June 30th, 2021, the share capital amounted to €575,978,980. It was split into 28,798,949 fully paid-up shares with a par value of €20 each.

7.1.3 Treasury shares

As of June 30th, 2021, the total number of treasury shares held by ELO S.A. and its subsidiaries amounted to 383,756 shares (compared to 412,583 at the end of 2020). ELO S.A. owns 147,764 of ELO S.A. shares for a transaction cost of €45 million (including 966 shares for the purpose of covering ELO management free share allocation plans) and 235,992 shares are owned by Valauchan Sopaneer International, Valauchanrus Sopaneer S.C.A., Valportugal S.C.A., Valpoland S.C.A., Valhungary International S.C.A., Valespaña S.C.A. and Valrussie S.C.A. at an acquisition cost of €88 million, under the employee share ownership plans.

As of June 30th, 2021, the treasury shares held by ELO S.A. represented 0.5% of its share capital.

7.1.4 Currency translation reserves, financial instrument revaluation reserves and actuarial gains and losses (group share)

(in €m)	Currency translation reserve	Available-for-sale financial assets revaluation reserve	Cash flow hedge reserve	Net foreign investment hedge reserve	Actuarial differences on defined-benefit plans	Total
As of January 1st, 2020	(649)	(34)	(11)	2	(40)	(733)
Change	(301)	(25)	(29)		11	(344)
AS OF DECEMBER 31st, 2020	(950)	(59)	(40)	2	(29)	(1,077)
As of January 1st, 2021	(950)	(59)	(40)	2	(29)	(1,077)
Change	29		34		(1)	62
AS OF JUNE 30th, 2021	(921)	(59)	(6)	2	(30)	(1,015)

7.1.5 Non-controlling interests

The non-controlling interests of €205 million are mainly comprised of interests in the capital of the subsidiary in Taiwan (Retail and Property Management activities) in the amount of €37 million (up by €4 million), and in Valauchan Sopaneer International, Valauchanrus Sopaneer S.C.A., Val Portugal S.C.A., Valpoland S.C.A., Valhungary International SCA, Valespaña S.C.A., and Valrussie S.C.A. in the amount of €151 million.

7.1.6 Dividends

ELO S.A. did not pay any dividend in respect of the 2020 financial year.

7.1.7 Repurchase commitments

ELO S.A. recognises a liability for its commitments to buy back shares from Valauchan and Valfrance. As of June 30th, 2021, the repurchase commitments amounted to €60 million.

7.2 EARNINGS PER SHARE

Basic earnings per share	June 30 th , 2021	June 30 th , 2020
Weighted average number of outstanding shares	28,379,280	28,518,569
Net income - group share (in €m)	(24)	(77)
Per share (in €)	(0.83)	(2.70)
Net income from assets held for sale and discontinued operations - group share (in €m)	(9)	99
Per share (in €)	(0.31)	3.48
Net income from continuing operations - group share (in €m)	(15)	(176)
Per share (in €)	(0.52)	(6.18)

Diluted earnings per share	June 30 th , 2021	June 30 th , 2020
Weighted average number of diluted shares	28,379,280	28,523,179
Net income - group share (in €m)	(24)	(77)
Per share (in €) ⁽¹⁾	(0.83)	(2.70)
Net income from assets held for sale and discontinued operations - group share (in €m)	(9)	99
Per share (in €) ⁽¹⁾	(0.31)	3.47
Net income from continuing operations - group share (in €m)	(15)	(176)
Per share (in €) ⁽¹⁾	(0.52)	(6.17)

(1) Potentially dilutive shares are not taken into account as their conversion would reduce the loss per share.

NOTE 8 PROVISIONS AND CONTINGENT LIABILITIES**8.1 PROVISIONS**

(in €m)	June 30 th , 2021	December 31 st , 2020
Non-current provisions	264	242
Current provisions	290	482
TOTAL	554	724

Provisions decrease by €170 million, mainly due the change in the provision for Auchan Retail related to the Employment Protection Plan announced in September 2020. The change stands at €(157) million, including reclassification in social liabilities due to the plan execution for €(131) million and €(26) million of unused reversals recognised in *Non-recurring income and expenses*.

8.2 CONTINGENT LIABILITIES

Consolidated companies are involved in a certain number of lawsuits or disputes in the normal course of their business, including disputes with the tax authorities. Provisions have been set up for the resulting expenses considered probable by ELO and/or its subsidiaries as well as their external advisers.

To the best of the knowledge of ELO and its subsidiaries, there are no other exceptional events or litigation that could substantially affect the activity, results, assets or liabilities of ELO and/or its subsidiaries, which are not adequately covered by provisions at year-end.

NOTE 9 FINANCING AND FINANCIAL INSTRUMENTS**9.1 NET FINANCIAL DEBT**

(in €m)	June 30 th , 2021	December 31 st , 2020
Borrowings and other financial liabilities ⁽¹⁾	6,137	6,741
• non-current	5,599	5,902
• current	538	840
Cash and cash equivalents	(2,415)	(4,401)
Derivative assets and liabilities qualifying as hedging instruments for an item of net financial debt	(64)	(94)
Margin call assets on derivatives qualifying as hedging instruments	(1)	(2)
Net financial debt	3,656	2,244
Derivative assets and liabilities not qualifying as hedging instruments for an item of net financial debt	3	14
Other short-term investment assets	(635)	(100)
NET FINANCIAL DEBT	3,025	2,158

(1) A number of margin call agreements have been implemented to reduce counterparty risk. The amounts relating to margin calls received (liabilities) or paid (assets) are included in the net financial debt. As of June 30th, 2021 they represented a liability of €25 million booked under Borrowings and other financial liabilities.

Following the reclassifications of presentation made in the balance sheet, the calculation of net financial debt has not been modified and therefore does not include liabilities related to put options granted to non-controlling interests, in the amount of €153 million as of June 30th, 2021.

The Group's net debt amounted to €3.0 billion as of June 30th, 2021. The Group's net debt is €0.9 billion higher than the one as of December 31st, 2020. The Group's net debt includes bonds issued by ELO for an amount of €4.7 billion (€5.2 billion as of December 31st, 2020).

9.2 NET COST OF FINANCIAL DEBT

(in €m)	June 30 th , 2021	June 30 th , 2020
Income from cash and cash equivalents	6	3
Gross cost of financial debt:	(95)	(73)
• Interest expenses	(79)	(90)
• Hedging results	8	22
• Cost related to the repurchase of bonds	(24)	(5)
NET COST OF FINANCIAL DEBT	(89)	(68)

9.3 OTHER FINANCIAL INCOME AND EXPENSES

(in €m)	June 30 th , 2021	June 30 th , 2020
Disposals of other non-current financial assets, of which:		3
• Income on disposals of other non-current financial assets		4
• Expenses on disposals of other non-current financial assets		(1)
Gains and losses on financial transactions not eligible for hedge accounting ⁽¹⁾	2	(29)
Income from equity interests		2
Interest expenses related to IFRS 16	(58)	(68)
Translation differences related to IFRS 16	5	(31)
Other	(16)	(4)
OTHER FINANCIAL INCOME AND EXPENSES	(67)	(128)

(1) Gains and losses on financial transactions not eligible for hedge accounting include in particular foreign exchange and other gains and losses on derivatives used to hedge foreign exchange and/or interest rate risks on intragroup loans, or to guarantee a given interest rate level for the global debt of ELO and the consolidated companies (macro-hedging swaps).

9.4 MARKET VALUES OF FINANCIAL INSTRUMENTS

The financial assets and liabilities are stated in the financial statements in accordance with IFRS 9, IAS 32, IFRS 7 and IFRS 13.

IFRS 13 introduced a three-level hierarchy for fair value measurement disclosures.

Level 1: Fair value measured with reference to unadjusted quoted prices observed in active markets for identical assets or liabilities.

Level 2: Fair value measured with reference to inputs other than the quoted prices included in Level 1 that are observable for the asset or liability in question, either directly (in the form of a price) or indirectly (calculated based on a price).

Level 3: Fair value measured with reference to inputs that are not based on observable market data (unobservable inputs).

IFRS 9 category (in €m)	June 30 th , 2021				December 31 st , 2020			
	Market value			Carrying amount	Market value			Carrying amount
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets at fair value through the income statement		2,448		2,448		4,436		4,436
Non-current financial assets measured at fair value		34		34		34		34
Cash and cash equivalents		2,415		2,415		4,401		4,401
Debt instruments measured at fair value through other comprehensive income		137		137		129		129
Equity investments		137		137		129		129
Financial assets at amortised cost		3,201		3,201		2,423		2,423
Non-current financial assets		315		315		276		276
Other non-current assets (excluding equity investments)		48		48		39		39
Trade receivables		489		489		442		442
Trade and other receivables		1,611		1,611		1,461		1,461
Current financial assets		738		738		205		205
Liabilities measured at fair value	4,396	9,787		14,183	4,765	10,643		15,444
Bonds and private placements	4,396	292		4,688	4,765	352		5,153
Bank borrowings and other financial liabilities, various other financial liabilities including bank overdrafts		1,602		1,602		1,741		1,741
Non-current lease liabilities		1,327		1,327		1,387		1,387
Other non-current liabilities		123		123		119		119
Current lease liabilities		292		292		294		294
Trade payables		4,257		4,257		4,676		4,676
Other current liabilities		1,895		1,895		2,075		2,075
Derivatives, of which:		61		61		80		80
Derivative instruments – assets		101		101		152		152
Derivative instruments – liabilities		40		40		72		72

Bonds and cash open-ended funds (SICAV) are valued using quoted market prices. These securities are now considered as Level-1 financial assets and liabilities.

ELO calculated the fair value of the finance lease debts and bank loans by discounting contractual flows using market interest rates, which are observable data. The derivatives are valued using commonly accepted valuation techniques based on observable interest rate and currency market data.

9.5 FINANCIAL ASSETS

Classification of financial assets by category (net carrying amount)

(in €m)		June 30 th , 2021		December 31 st , 2020	
Asset balance sheet item	IFRS 9 category	Non-current	Current	Non-current	Current
Non-current financial assets	Fair value assets through the income statement ⁽¹⁾	34		34	
	Debt instrument at fair value through other comprehensive income ⁽²⁾	137		129	
	Financial assets at amortised cost ⁽⁴⁾	315		276	
Other non-current assets	Financial assets at amortised cost ⁽⁴⁾	48		39	
Trade receivables	Financial assets at amortised cost ⁽³⁾		489		442
Trade and other receivables	Financial assets at amortised costs ⁽⁴⁾⁽⁵⁾⁽⁶⁾		1,611		1,461
Current financial assets	Financial assets at amortised costs ⁽¹⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾		738		205
Cash and cash equivalents	Fair value assets through the income statement ⁽¹⁾		2,415		4,401
OTHER FINANCIAL ASSETS (NET CARRYING AMOUNT)		533	5,253	479	6,509
Impairment of other financial assets		(5)	(57)	(6)	(55)

(1) The financial assets held for trading correspond to:

- for the non-current part, investments that are subject to restrictions on use by ELO for prudential or contractual reasons;
- for the current part, investments that are defined as cash and are included under "Cash and cash equivalents";
- for the current part, to other short-term investment assets included in the financial debt (see note 9.1).

(2) The available-for-sale financial assets comprise mainly shares in companies that are neither controlled nor under significant influence.

(3) The trade receivables include mainly receivables relating to franchise arrangements, and rent outstanding for the Property Management business line.

(4) The financial receivables include mainly security deposits.

(5) For the non-current part, interest-bearing or discounted receivables.

(6) The other current receivables include mainly tax and social security receivables and accrued income from suppliers.

9.6 FINANCIAL LIABILITIES

Breakdown of borrowings and other financial liabilities

(in €m)		June 30 th , 2021		December 31 st , 2020	
		Non-current	Current	Non-current	Current
Bonds and private placements		4,633	55	4,855	298
Bank borrowings and other financial liabilities		943	211	1,024	149
Other financial liabilities		23	89	23	215
Liabilities linked to put options on non-controlling interests		130	22	152	
Margin calls – Liability			26		41
Bank overdrafts			157		137
TOTAL		5,729	560	6,054	840

Accrued interest is recognised under *Current borrowings and other financial liabilities*.

Main characteristics of borrowings and other financial liabilities

Characteristics of new bond issues

There is no new bond that was issued during the first half of 2021.

Other financial liabilities

As of June 30th, 2021, the current portion of this item mainly concerned commercial papers. The maturity schedule for this financing is as follows:

(in €m)		June 30 th , 2021		December 31 st , 2020	
Issuing companies	Maturity	Nominal value	Carrying amount	Nominal value	Carrying amount
ELO S.A.	less than one month	50	50		
ELO S.A.	1 to 3 months	10	10		
ELO S.A.	3 to 6 months	20	20		
ELO S.A.	6 months and over			210	210

NOTE 10 INCOME TAX

Net tax expense

(in €m)	June 30 th , 2021	June 30 th , 2020
Income before tax	(6)	(213)
Income tax expense	16	(46)
EFFECTIVE TAX RATE (IN %)	(251)	22

The difference between the effective rate and the theoretical rate (28.4%) is mainly due to non-capitalised tax losses and the recognition of tax adjustments in the first half of the financial year.

NOTE 11 OTHER

11.1 TRANSACTIONS WITH RELATED PARTIES

ELO S.A. granted a current account advance to its reference shareholder "Aumarché" on April 16th, 2021 for an amount of €375 million at an interest rate of 0%, maturing on September 30th, 2021. This amount is recorded under *Current financial assets* in the consolidated balance sheet.

Transactions with joint ventures and associates are carried out under market conditions. No significant commitments have been entered into with these companies.

11.2 OFF-BALANCE SHEET COMMITMENTS

There was no significant change in off-balance sheet commitments as of June 30th, 2021.

NOTE 12 DETAILS OF CERTAIN ITEMS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

(in €m)	June 30 th , 2021	June 30 th , 2020
Changes in working capital requirement:	(802)	(573)
• Inventories	(47)	1,288
• Trade receivables	(44)	31
• Trade payables	(432)	(1,522)
• Other assets and liabilities	(280)	(369)
Changes in loans and advances granted:	(27)	(36)
• Increase in loans and advances granted ⁽¹⁾	(41)	(46)
• Decrease in loans and advances granted	14	9
Dividends paid during the financial year:	(2)	(110)
• Dividends paid to shareholders of the parent company		
• Dividends paid to non-controlling interests of consolidated companies	(2)	(110)
Acquisitions and disposals of interests without change in control:	23	(3)
• Acquisitions	(11)	(11)
• Disposals	33	8
Net financial debt:	(1,100)	210
• Loans issued	781	4,956
• Repayments of loans (including finance leases)	(1,881)	(4,746)
Net cash and cash equivalents:	2,257	3,451
• Marketable securities with a maturity of less than 3 months	830	1,499
• Cash	1,585	2,115
• Bank overdrafts (see note 9.6)	(158)	(164)

(1) In 2020, including €27 million in cash reclassified as restricted cash balances – new regulation on prepaid cards in China.

NOTE 13 SUBSEQUENT EVENT

Partial repayment of the Schuldschein loan

On July 12th, 2021, ELO Group partially repaid €242 million of its Schuldschein loan out of an initial outstanding of €292 million.

Disposals of logistics warehouses

On July 16th, 2021, as part of the optimisation of its asset management, Auchan Retail Logistique sold 11 logistics warehouses via a sale and leaseback transaction.

The overall transaction generated net income of €172.1 million, which will be recognised in *Non-recurring income and expenses* in the second half of this financial year

Dividend distribution

On July 20th, 2021, the Board of Directors of ELO has decided to propose to the Ordinary General Meeting of Shareholders held on August 24th, 2021, the distribution of a dividend of 750 M€, corresponding to € 26.12 per share. This exceptional dividend follows the sale of Oney Bank and Auchan Retail in China in 2019 and 2020.



STATUTORY AUDITOR'S REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

For the period from January 1st to June 30th, 2021

STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

ELO
40 avenue de Flandre
59170 Croix

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of ELO, for the period from January 1st to June 30, 2021;
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France.

A review of half-yearly financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34- standard of the IFRSs as adopted by the European Union applicable to half-yearly financial information.

II. SPECIFIC VERIFICATION

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine and Paris-la-Défense, August 24th, 2021,

The Statutory Auditors

PricewaterhouseCoopers Audit

François Jaumain

KPMG Audit

Departement of KPMG S.A.

Hervé Chopin

**DECLARATION BY THE
PERSON RESPONSIBLE**
FOR THE FINANCIAL
REPORT



CROIX, AUGUST 24TH, 2021



I certify that, to the best of my knowledge, that the condensed half-year consolidated financial statements as of June 30th, 2021 are prepared in accordance with applicable accounting standards and give a true and fair view of the portfolio, the financial position and results of the company and all consolidated companies, and that the attached half-year management report presents a true and fair view of the significant events that occurred during the first six months of the financial year and of their impact on the half-year financial statements, and of the main transactions between related parties, and presents a description of the main risks and uncertainties for the remaining six months of the financial year.



Edgard Bonte

General Manager of ELO S.A.

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ELO

40, avenue de Flandre - 59 170 Croix
www.groupe-elo.com

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